



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
JUNE 17, 2004

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**16 INSURANCE ADJUSTERS AMONG THOSE CHARGED BY U.S.
IN LARGE-SCALE HEALTH CARE INSURANCE FRAUD SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMURO, the Assistant Director in Charge of the New York Office of the Federal Bureau of Investigation, announced today that 22 defendants were charged in Manhattan federal court with participating in a wide-ranging health care insurance fraud scheme. The defendants included 16 individuals who work as insurance adjusters for various insurance companies and who provide damage and repair estimates for automobiles that have been involved in accidents.

The other six defendants, including the owners and a manager of two medical clinics in Brooklyn, New York, were charged with participating in the health care fraud scheme by, among other things, staging automobile accidents and filing numerous fraudulent claims with insurance companies for unnecessary or even non-existent medical treatment.

The defendants include MIKE BLUME, ERIC BORDT, HOWARD BRAVERMAN, ANGELO CARNEMOLLA, SALVATORE CATALDO, a/k/a "Sal," FRANK CUSIMANO, CHRIS DALUISE, JAMES GIANNATTASIO, NICK HINDY, JAMES McELHATTAN, GARY MELIS, CECIL RICHARDS, a/k/a "Monte," STEPHEN ROLAND, NICHOLAS SAVINO, KEVIN SPILLANE, and JOHN TOTO, all of whom are insurance adjusters who work either directly for insurance companies, including State Farm Insurance, Prudential Property and Casualty, Allstate Insurance, Liberty Mutual Insurance Company, United Claims Service, and American Express Insurance Company, or who work independently as contractors with these and other insurance companies. According to the Complaint, all insurance adjusters must be licensed by the State of New York Insurance Department.

The Complaint charges that from October 2000 to June 2004 these 16 insurance adjusters accepted bribes of up to \$300 in return for providing inflated damage appraisals or estimates for automobiles that had purportedly been involved in accidents. According to the Complaint the fraud scheme worked as follows:

Perpetrators of staged automobile accidents, or individuals seeking to defraud insurance companies in connection with real accidents, brought their vehicles to a complicit auto body shop located on Bay 37th Street in Brooklyn, in order to get a favorable insurance estimate. In some cases, the inflated estimate was obtained by having the auto body shop inflict additional damage on the vehicle prior to the insurance inspection.

In other cases, the 16 allegedly corrupt insurance adjusters were paid bribes by the auto body shop owners to provide falsely inflated appraisals.

At the same time, the people who had been in real or staged automobile accidents went to complicit medical clinics in order to receive completely unnecessary medical treatment or to sign-in at the clinics to make it appear as if they received non-existent medical treatment. The medical clinics then submitted bills to the insurance company for visits and treatments that were either unnecessary or did not even take place.

The "favorable" insurance estimates provided by the 16 insurance adjusters allowed perpetrators of the fraud to receive inflated payments from insurance companies for damage to their automobiles and also helped to facilitate a lucrative insurance settlement for fraudulent medical claims, it was charged.

Following their arrests by the FBI in an earlier phase of the investigation, in September 2003, the owners of the auto body shop on Bay 37th Street began cooperating with the Government. As part of this cooperation, the FBI was able to outfit an office inside the auto body shop with hidden audio and video recording equipment. As a result, all 16 of the charged insurance adjusters were recorded in meetings with the owners of the auto body shop agreeing to provide falsely inflated appraisals and accepting

bribes. For example, the Complaint charges that, in a recorded meeting, one of the corrupt adjusters, JAMES GIANNATTASIO, who was working for Allstate Insurance, told the auto body shop owners to "whack" part of a vehicle he was inspecting in order to create more damage on the car so that he could make the repair estimate higher. GIANNATTASIO, who had provided at least three inflated insurance estimates for the autobody shop owners previously, accepted a \$100 bribe for this fraudulent adjustment, it was charged.

In another example, the Complaint charges that, in a recorded meeting, another corrupt insurance adjuster, NICK HINDY, who was working for State Farm Insurance, told one of the auto body shop owners that he would write an estimate for a vehicle he was inspecting that included a requirement for a new bumper, even though the bumper was not damaged. HINDY accepted a \$100 bribe for this fraudulent adjustment, it was charged.

The Complaint also charged that one of the complicit medical clinics involved in this fraud scheme was All Country Medical located at 891 Avenue Z in Brooklyn. The owner of this clinic, BORIS ZELTSER, and the manager of this clinic, MARINA KORSUNSKAYA, were charged in the Complaint as well.

The charged defendants also include three "runners," SALA MUSTAFA, a/k/a, "Sall," YURIY KOVALEV, and ALEXANDER PEGOV. The Complaint charges that runners are individuals who are paid by medical clinics, such as All Country Medical, to recruit

individuals to come to the medical clinics and receive unnecessary medical treatment. In many cases, runners also arrange staged automobile accidents.

A separate Complaint charged VICTOR TSEKHANOVICH, the owner of another medical clinic, ROV Management, located in Brooklyn, with participating in the health care fraud scheme. At one point, TSEKHANOVICH obtained an inflated damage estimate for his own car, which had been damaged when TSEKHANOVICH was in a drunken driving accident, according to the Complaint. The Complaint further alleges that TSEKHANOVICH was convicted in 2003 of participating in another scheme to defraud insurance companies and other entities by, among other things, falsifying medical treatment records for participants in a May 10, 2001 staged automobile accident. For that crime, TSEKHANOVICH received a sentence of three years' probation including six months of home detention, and the Complaint alleges that TSEKHANOVICH participated in this insurance fraud scheme while on probation for his 2003 conviction.

Of the 22 defendants, 14 were arrested by FBI agents in the New York area this morning and will be presented before United States Chief Magistrate Judge ANDREW J. PECK in Manhattan federal court later today and 2 others were expected to surrender in New York. The other defendants were arrested by FBI agents in other

locations and will be presented before United States Magistrate Judges in other districts pending their appearance in the Southern District of New York on June 21.

All 22 of the defendants were charged with participating in a conspiracy to commit various types of health care fraud and mail fraud. If convicted, each defendant faces a maximum sentence of five years in jail and a fine of \$250,000 or twice the gross gain or loss resulting from the crime.

Mr. KELLEY praised the efforts of the FBI and the National Insurance Crime Bureau for its assistance in the investigation.

Mr. KELLEY also said that the investigation is continuing.

Assistant United States Attorneys MIRIAM E. ROCAH, VICTOR L. HOU and ALEXANDER H. SOUTHWELL are in charge of the prosecution.

The charges contained in the Complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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